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**Coffield Ungaretti Harris & Slavin**

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VIA AIRBORNE EXPRESS

January 30, 1990

Mr. Samuel B. Boxerman  
Land and Natural Resources Division  
U.S. Department of Justice  
P.O. Box 7611  
Ben Franklin Station  
Washington, D.C. 20350

Re: The Glidden Company - U.S. Scrap Site  
Our File #34592-04001

Dear Sam:

Once again, we appreciate your discussions with us on January 26, 1990 regarding settlement of the above-captioned matter. In order to settle this matter, we suggested that each defendant pay twice the original settlement amount. You stated that you would discuss this with your colleagues and get back to us regarding EPA's position.

You stated that the settlement concept which we advanced was not likely to be acceptable in that it would not provide the government with 80% of its outstanding claim. However, we note that your interpretation of EPA's "threshold" for settlement is inconsistent with the EPA Settlement Guidelines which state that settlement should equal no less than 80% of the entire amount of the government's expenditures in controversy. In this case, the entire amount is roughly \$1.5 million, of which \$308,668 of allegedly recoverable costs remain outstanding (\$1.5 million less \$625,000 from the Allis Chalmers bankruptcy, less \$566,332 from the prior settlement). As such, the government already has received 79.4% of its claim. If the 13 named defendants (excluding LTV) were to each pay two times the initial payment required of PRPs to settle, i.e., 2 x \$5,191, an additional \$134,966 would be recovered, raising EPA's total recovery to 88.4% of its demand.

Further, you are well aware of the circumstances surrounding the prior settlement agreement where parties paid only \$5,100 and many of the currently named defendants had no opportunity to settle. More importantly, given potential litigation costs and the fact that U.S. EPA's costs include

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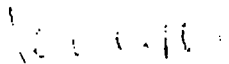
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Indirect and "soft" costs, we reiterate our position that EPA's settlement demand to each company of twice the \$5,191 initially required to settle should be more than sufficient to satisfy EPA and meet EPA Settlement Guidelines.

If you have any questions concerning the above, or require additional information, please do not hesitate to contact us. I can be reached at (312) 977-9227.

Very truly yours,

  
Jennifer T. Nijman

JTN/cb

cc: Andrew H. Perellis, Esq.